

Message Text

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ACTION ARA-10

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O 282151Z MAY 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 3976

C O N F I D E N T I A L CARACAS 4794

LIMDIS

EO 11652: GDS

TAGS: ETRD PINT

SUBJECT: VENEZUELA'S NEW ECONOMIC PROGRAM

REF: A. STATE 106608; B. CARACAS 4734

1. WE HAVE NOT YET BEEN ABLE TO MAKE THE DETAILED ANALYSIS OF THE RODRIGUEZ-LAURIA DUET AT LAST FRIDAY'S LUNCHEON OF THE AMERICAN CHAMBER OF COMMERCE BECAUSE THE TAPE HAS NOT YET BEEN COMPLETELY TRANSCRIBED AND RODRIGUEZ COULD NOT USE HIS OWN TEXT BECAUSE HE WAS BLINDED BY TELEVISION LIGHTS. HOWEVER, IN CONVERSATION WITH MEMBERS OF U.S. ECONOMIC COMMUNITY AND WITH PRESTIGIOUS CHAIRMAN OF VENEZUELAN FEDECAMARAS, WE FIND A GENERAL FEELING OF RELIEF AND (WITH SOME QUALIFICATIONS ON THE AMERICAN SIDE) APPROVAL OF THIS STATEMENT OF THE GOVERNMENT'S ECONOMIC AND SOCIAL POLICY. IN FACT, CERTAIN U.S. COMPANIES WHO MIGHT BE TOUCHED BY PRESIDENT PEREZ'S SPEECH OF APRIL 29 HAVE PRIVATELY CONFIDED THAT THEY MAY SEE LOOPHOLES OR WAYS OUT TO MITIGATE THE RIGORS OF DECISION 24 OF THE ANDEAN PACT (WHICH SEVERAL YEARS AGO DEPARTMENT DECIDED QUIETLY TO ENCOURAGE ITS ADOPTION BY VENEZUELA).

2. WE ARE CURRENTLY IN A POSITION WHERE CERTAIN U.S. INVESTMENT INTERESTS ARE POTENTIALLY IN JEOPARDY BUT NO ONE HAS YET BEEN HURT. AS DEPARTMENT KNOWS (CARACAS 4482), THERE ARE AMICABLE NEGOTIATIONS

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GOING ON BETWEEN U.S. STEEL AND GOV ON AN EVENTUAL SETTLEMENT OF THE

IRON ORE PROBLEM. THIS WAS CONFIRMED TO ME YESTERDAY PERSONALLY AT LUNCHEON BY ARGENIS GAMBOA, THE NEW PRESIDENT OF THE CORPORACION VENEZOLANA DE GUAYANA, AS WELL AS (CARACAS 4603) PEREZ GUERRERO WHO IN EFFECT WILL BE THE PRINCIPAL NEGOTIATOR OF THIS PARTICULAR QUESTION.

3. ON PETROLEUM, OUR PRINCIPAL U.S. COMPANIES SEEM OPTIMISTIC. BOTH DOLPH OF CREOLE AND RAMSEY OF MENE GRANDE HAVE INDICATED THAT THEY SEE WAYS CLEAR FOR A MODUS OPERANDI WHICH WOULD KEEP THEM IN THE CONTINUED SUPPLY OF OIL TO THE UNITED STATES AND ITS MARKETING ANYWHERE. IN THIS, WE HAVE FOUND POSSIBILITIES OF A WORKABLE GOOD EXAMPLE IN ARRANGEMENTS MADE ELSEWHERE IN THE WORLD BY U.S. OIL COMPANIES WITH OTHER PRODUCING NATIONS. HOWEVER, WE ARE DISTURBED THAT RECENT PERSONAL WORD FROM WASHINGTON SUGGESTS THAT THERE ARE ELEMENTS IN USG WHICH PICK OUT VENEZUELA AS THE PRINCIPAL OFFENDER IN RAISING OIL PRICES FOR THE U.S. CONSUMER; WHEREAS WE HAD THE IMPRESSION THAT WORLD OIL PRICES HAVE BEEN FIXED BY A NUMBER OF PRODUCING COUNTRIES COMMENCING IN THE PERSIAN GULF. WITHOUT ATTEMPTING TO DEFEND VENEZUELA'S OIL PRICING POLICY, WE DO SUGGEST, HOWEVER, THAT IT IS NOT THE PRINCIPAL WORLD PRODUCER OF OIL NOR DOES VENEZUELA SET WORLD OIL PRICES.

4. WE AGREE THAT A DIALOGUE MUST BE MAINTAINED WITH VENEZUELAN OFFICIALS BUT PRIMARILY BETWEEN THE OIL AND IRON COMPANIES CONCERNED, WITH THIS EMBASSY AND USG IN THE BACKGROUND. HOWEVER, THIS EMBASSY CANNOT ALWAYS BE KEPT IN THE BACKGROUND; AND YESTERDAY I WAS APPROACHED BY THE SECRETARY GENERAL OF THE PRESIDENCY WITH THE STATEMENT THAT PRESIDENT CARLOS ANDRES PEREZ WOULD LIKE TO SEE ME PRIVATELY AT LUNCH VERY SOON. THIS REFERS ALSO TO STATE 106608, AND IF THERE ARE THOUGHTS THE DEPARTMENT WOULD DESIRE ME TO IMPART, I SHOULD BE GLAD TO HAVE THEM. HOWEVER, AS A MATTER OF PRACTICAL DIPLOMACY I WOULD PREFER (CARACAS 4439, PARA 6.C) TO BE ENABLED TO CALL ON OR LUNCH WITH THE PRESIDENT WITHOUT

INSTRUCTIONS IN ORDER THAT WE MAY ACCOMPLISH TWO THINGS--FIRST TO MAINTAIN THE ESSENTIAL CONTINUING DIALOGUE, AND SECOND TO ENTER UPON A DIALOGUE WITHOUT "CONFRONTATION."

5. AS A MATTER OF FACT, GIVEN THE RATHER SURPRISING COMPOSURE OF THE AMERICAN OIL, IRON AND COMMERCIAL COMMUNITY, THIS IS NOT, CONFIDENTIAL

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REPEAT NOT, THE MOMENT FOR "CONFRONTATION."

6. AFTER I SEE THE PRESIDENT, IF IN FACT HE CARRIES OUT HIS SECRETARY'S INVITATION, I THEN WOULD WELCOME A BRIEF PERIOD OF CONSULTATION IN THE DEPARTMENT BECAUSE I HAVE THE FEELING THAT, AS SOMETIMES HAPPENS WITH AN OCULIST IN TRYING OUT SPECTACLES, ONE EYE IS MOMENTARILY OUT OF FOCUS WITH THE OTHER.
MCCLINTOCK

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